

PART III.

PROVINCIAL AND LOCAL REVENUE.

INTRODUCTION.

The distinction between Imperial and Provincial revenue is not now so well defined as it was, as the tendency is to surrender more and more of the funds formerly considered Imperial to the control of the Local Governments. The only two matters coming entirely under the description of Provincial revenue, and requiring separate chapters, are the Registration Department and the Provincial tax lately imposed: These are matters of very little complication.

The local revenues, however, present much greater difficulties and require more detailed notice.

They consist of—firstly, District Local Funds, which exist in every collectorate on the same general principles, though of course with variations as to detail; secondly, of Municipal revenues, which exist also in every collectorate to a greater or less extent, according as the Municipal Act has been introduced into a greater or less number of towns.

There are various minor funds of very limited application which it is not necessary to mention at all in this book, but particulars as to which will be found in Mr. Burn's "Succinct History of the Local Funds in the Bombay Presidency."

CHAPTER XV.

PROVINCIAL SERVICES.

In order to enlarge the powers and responsibility of the Local Governments in respect to the public expenditure, the Government of India, by its Resolution No. 3334 of December 14th, 1870, made over to them the following departments of the administration, viz :—

Jails.

Registration.

Police.

Education.

Medical Services (except Medical Establishment).

Printing.

Roads.

Miscellaneous Public Improvements.

Civil Buildings.

A certain sum, calculated on the expenditure of each Government under each of the above headings, was at the same time assigned, and these assignments receive the name of "Provincial Services."

After three years experience of the system the results were thus described in the financial statement of 1874 :—

"The Local Governments administer certain important Departments at their discretion subject only to a general responsibility to the Supreme Government, and to the maintenance of the principles laid down for the administration of those departments * *. The measure has fulfilled the expectations with which it was introduced : there are fewer controversies and misunderstandings between the Supreme and the Local Governments ; economy has been promoted, and the efficiency of the administration increased."

In 1877 a great extension of the above principle was made, the management of a very great part of the Imperial Funds spent in this Presidency being made over to this Government, under various restrictions and arrangements. It is needless to mention these particulars here in more detail. Reference may be made, if necessary,

to the letter of the Government of India, Nò. 2309, Aug. 2, 1877, published in the *Bombay Government Gazette* of August 9, 1877.

The arrangement of the provincial services is a purely financial matter, and so does not come within the scope of this book. But it is necessary to give the above particulars and also the order of the Government of India laying down the conditions under which the Local Governments administer the revenues and services entrusted to their control, as these contain principles of general application with regard to different departments. Further details must be sought in the publications of the Financial Department.

Rules and conditions which apply to the administration by the Local Governments of all revenues and services surrendered to provincial uses and management.

I.—Without the previous sanction of the Government of India—

(1) No additional taxation may be imposed, and no change made in any existing system of revenue management.

(2) No new general service or duty may be undertaken; whenever a Local Government proposes to undertake any such new service or duty, it must satisfy the Government of India that it can provide the funds for it, temporarily if the service or duty is temporary, and permanently if it is permanent.

(3) No appointment may be created with pay of more than Rs. 250 a month; and no addition may be made to the pay and allowances of any officer if they exceed or would, after the addition, exceed Rs. 250 a month.

• (4) No appointment of which the pay and allowances are more than Rs 250 a month may be abolished; and the pay and allowances of no such appointment may be reduced.

(5) No class or grade of officers may be created or abolished and the pay of no class or grade of officers may be raised or reduced.

(6) The rates of discount upon the retail of stamps and court fee labels, and the local duty on spirits and drugs, must not be altered; the Governor-General in Council reserves the right of forbidding any such alterations as are likely to injure the revenues of neighbouring provinces or to prove otherwise inconvenient.

(7) No addition may be made to the pay or allowances of any individual officer, or class of officers, that may lead to increase in the emoluments of any public servants doing duty in the same Province, whose pay and allowances are not charged under one

of the transferred heads of service. The Government of India reserves the right to forbid alterations in rates of pay or allowances, which, in its opinion, would produce inconvenience in other Provinces.

(8) No money may be removed from the Public Treasury for investment or deposit elsewhere: the Government of India, which is responsible for the provision of ways and means for the public service in all departments must always retain, as at present, in its own hands, absolute and unconditional control over all money in the Public Treasury: a Local Government may not withdraw such money except for expenditure upon the public service.

(9) No alteration must be made in the form or procedure of the public accounts.

(10) No services previously rendered to other departments at the charge of the departments made over to the control of the Local Governments may be diminished, and no services previously rendered to these departments at the charge of other departments may be increased.

(11) No line of through communication may be abandoned or allowed to fall out of repair.

II.—Returns are to be made quarterly, through the several Administrative Departments, of the Government of India, to the Financial Department, showing every change made in the pay of any officers, every new office created, and every existing office abolished; also any unusual or extraordinary charge incurred, and any expenditure discontinued.

III.—All Standing Orders and Rules of the Supreme Government are to be observed, including in particular the Rules in the Codes of the Financial and Public Works Departments, Travelling Allowance Rules, and the Rules and Circular Orders of the Comptroller General.

IV.—Returns, Accounts and Estimates are to be submitted to the Supreme Government in such forms, and at such times, as may be prescribed.

V.—The Local Governments must keep the Governor-General in Council, in the several Departments, fully informed of their executive and financial proceedings; the Governor-General in Council will not relinquish his general powers of supervision and control in any department; but will, as far as possible, avoid interference with the details of the administration of the transferred revenues and services, and any embarrassment of the provincial finances.

VI.—A Local Government must accept without remonstrance any charge which would, under the system in force before 1871-72, have been recorded under any of the transferred heads of account in the accounts of its Presidency or Province; and must not raise objections on such grounds as that the charge has originated outside the Presidency or Province; or that the Presidency or Province is not interested in it, or the like; if any doubt arises at any time, whether any charge should or should not be entered under any particular head in the accounts of any Presidency or Province, such doubt must be solved by one test only, viz., "How would it have been entered if it had occurred before 1871-72 when the powers and responsibilities of Local Governments were first enlarged?" Thus, for example, the pay or leave allowances of an officer belonging to another Administration, on duty or on leave in the North-Western Province, and drawn there, must be charged in the accounts of the North-Western Provinces: the Governor-General in Council did not intend by the measure of 1870, and does not now intend to introduce or authorize any change of practice in such matters, or any inter-provincial, inter-presidential, or inter-departmental adjustments, not theretofore allowed: in regard to all such transactions, the arrangements made with the Local Governments were calculated upon the basis of the system which existed before 1871-72.

VII.—The grant made to a Local Government for all the services entrusted to its administration is a consolidated grant: no claim will lie against the Imperial Treasury on the ground that the cost of any service exceeds the amount at which it was estimated in the calculation of the consolidated grant.

VIII.—In the management of its finances a Local Government must never absolutely exhaust its balance in the Imperial Treasury: the Government of India will not accept any estimates, or allow any transactions by a Local Government, which involve the expenditure of more money than is at its credit in the Imperial Treasury: it is the duty of every Accountant General to take care that this condition is never infringed, and promptly to report to the Governor-General in Council any transgression of it, which is not upon his representation immediately rectified by the Local Government addressed.

IX.—A Local Government may not lend money from the balance at its credit in the Imperial Treasury; the Government of India will always pay every attention to any recommendation for

the loan of public money in excess of the powers which are entrusted to a Local Government by law or rule; but all loans alike must be from the Imperial Balances; such operations must not be mixed up with the arrangements between the Imperial and the Local Government for the collection and appropriation of the public revenue or the administration of the public services.

X.—It is a general condition precedent to the delegation of all authority to disburse public money that it shall be *bonâ fide* for a public object; nothing must be carried out by means of the public funds for the advantage of any individual or body of private persons, unless in accordance with some declared or established rule or principle, recognised by the Government of India; it is the duty of every Audit Officer, at all times, to challenge any infringement of this principle, and every Local Government must submit, for the orders of the Government of India, any representation made to it by any Audit Officer in accordance with this rule which it does not promptly accept.

XI.—On or before the 31st January of each year, each Local Government must forward to the Government of India in the Financial and Public Works Departments, and publish in the *Local Government Gazette* in detail of major heads, with such explanations as may be necessary for the due understanding of its financial administration—

(1) An account showing—

(a)—The balance of the Local Government in the Imperial Treasury at the beginning of the last complete financial year:

(b)—The revenues appropriated during that year to provincial uses, and the supplementary assignment from the Imperial treasury:

(c)—The expenditure under provincial responsibility during that year:

(d)—The balance of the Local Government in the Imperial Treasury at the end of that year.

(2) Revised Estimates, in the same detail for the current financial year.

(3) Estimates in the same detail for the coming financial year.

XII.—The Governor-General in Council reserves power to modify, add to, or repeal these rules and conditions at any time.—*Govt. Gazette, Aug. 16, 1877.*